

APPENDIX A5

Tips and Ideas for Successful Collections





TIPS AND IDEAS FOR SUCCESSFUL COLLECTIONS

MICHIGAN TRIAL COURT COLLECTIONS

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- < Make sure your invoices are clear, precise, and correct before mailing.
- < You are not the villain. Assume the role of “solutions provider.”
- < Have a clearly defined method of handling accounts receivable.
- < Send out invoices promptly.
- < Ask for payment by a specific date.
- < Record the date and content of all calls.
- < Have a predetermined schedule for follow-up letters to non-payers.

Six Characteristics of a Good Collections Agent

- 1. Listening**
Listen with an open mind - you're much more likely to receive payment if the debtor perceives you as someone who is trying to help them satisfy their obligation.
- 2. Good record-keeping**
Document all conversations with the debtor, and keep your information up-to-date.
- 3. Ability to pick up relevant facts**
Those who owe money will often provide long streams of information, most of which is irrelevant, but some of which provides valuable clues to their situation and their ability to pay.
- 4. Knowledge of what your court will or will not do to collect**
Know your court's collection policies and procedures.
- 5. Creative thinking**
Suggest several solutions - it will help debtors realize that the debts *must* be paid, and that you are willing to work with their problems.



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6. **Flexibility**

Resist the urge to panic or get angry; try to see the issue from the clients' point of view.

Six Tips for Calling to Collect a Debt

1. **Be Consistent** - apply your court's policies consistently with all who owe money, reserving your discretion for situations that would benefit from flexibility.
2. **Have a Daily "To-Do" List** - listing the items you need to accomplish will help you accomplish them.
3. **Follow Up** - prompt follow-up makes the debtor know you're serious about collecting.
4. **Start in Neutral** - take a break when things aren't going well, so you're fresh for the next call.
5. **Make Your Payment Important to the Debtor** - build rapport by establishing a first-name basis.
6. **Be Prepared** - have all the information you need before you dial.

Tone of Voice is Important

When we communicate by phone, we lose the ability to read physical cues. Tone of voice is our only means of reading what the person thinks. The same is true for the collector - remember that tone is important, and can often determine the success of a collections call.

Read the following sentences aloud with a partner, each time emphasizing the word in bold. Note the difference in meaning produced by the simple difference in tone.

"**I** never said he stole money."

"I **never** said he stole money."

"I never **said** he stole money."

"I never said **he** stole money."

"I never said he **stole** money."

"I never said he stole **money**."



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Ten Tips Before You Pick Up the Phone

1. Have records on screen or in a file in front of you.
2. Be specific.
3. Moderate your voice, keep your tone neutral and assume an error has been made somehow, somewhere, especially if this is the first reminder call.
4. Listen carefully to the response. If you get a general excuse like “I don’t have the money,” probe a bit. Ask questions. See if the person ever will have the money.
5. Get to the person who actually owes money.
6. Get a date commitment if you can. Then you can follow up promptly if the date is missed.
7. Follow-up notes or letters documenting calls asking debtors to let you know if they disagree with the arrangement that were made, will ensure that everyone is on the same page while you pursue the debtor.
8. Tape calls to keep on track, especially if you have a short memory. Tell clients that all calls are recorded. Some clients feel threatened by recorders. Others just realize you mean what you say when you come after the. Feeble excuses sound even weaker on tape.
9. Listen to yourself on tape. Correcting bad speech habits such as an unsure, questioning, insecure-sounding raise of tone at the ends of sentences, or a tendency to repeat useless words such as “like”, is easier after listening to yourself in real-life situations.
10. NEVER! NEVER! NEVER get mad, swear, cry or scream not matter how much you want to. After you’ve handed the call on to a colleague or told the client you will call back, scream! Use the same approach for clients who get mad at you: hand them on or call back later. You do not have to listen to verbal abuse from someone who owes your court money. Refuse to accept unprofessional behavior from others. Refuse to behave unprofessionally yourself.



TIPS AND IDEAS FOR SUCCESSFUL COLLECTIONS

MICHIGAN TRIAL COURT COLLECTIONS

Dealing With Excuses: *Let the client talk - mixed within his or her rambling is often valuable nuggets of information which can help you determine the likelihood that they will pay.*

Seven Great Tips for Keeping Your Cool

Lower your voice
Speak more slowly
Avoid humor
Do not get angry back at the client
Use the person's name
Pass the client on to a colleague
Keep on topic

False Presumptions Collectors Often Make

1. Never presume debtors know what to do to solve a problem.

You may think it's perfectly obvious that if a check has gotten lost in the mail, debtors would cancel the check and reissue. If you have a solution, however simplistic and obvious it may seem to you, share it with the debtor. Don't give him or her the opportunity to make even more excuses by saying they didn't know what to do about the problem.

2. Never presume debtors have the same priorities you have.

You may think your check is important, but other people may not. What you consider frivolous may be given priority by others. You may always pay your debts promptly, but don't expect others to do so, too.

The Four Basic Parts of a Good Collection Letter

Who - a name is always preferable

Why - the reason you are writing. "Your account is past due." "The check you promised did not come on March 5, 1999."



TIPS AND IDEAS FOR SUCCESSFUL COLLECTIONS

MICHIGAN TRIAL COURT COLLECTIONS

What - action the debtor should do to rectify matters and what will happen if they don't comply.

When - all the relevant dates and times. Examples: due date, invoice date, last contact date/time, letter sent date, debtor's time limits, etc.

Attitude is Important

Collecting debts can be a draining activity. It is important that you keep a proper attitude when approaching your collections work: letting it get you down makes you less likely to want to do it, and less effective when you do. In short, a bad attitude makes the job even tougher. Here are three ways to improve your attitude, to keep you fresh:

- 1) Have empathy for the person who owes money - put yourself in their shoes.
- 2) Look below the surface - a successful collector knows how to read between the lines and extract useful information about the debtor's circumstances.
- 3) Take care of yourself - if you're having a bad stretch of calls, take a break. You're likely to gain more in productivity from being refreshed than you'll lose from taking a few minutes off.